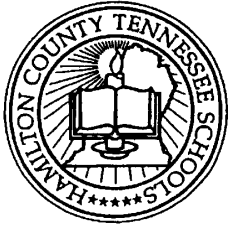


Hamilton County Department of Education

The Hamilton County Department of Education (DOE), a component unit of Hamilton County Government, is presented in this section. The DOE provides public education for grades kindergarten through twelve. The Hamilton County Commission levies taxes for the operations of the school system and issues debt for all significant capital projects. The budget for the school system is prepared by the superintendent and his staff and presented to the nine-member elected Board of Education before it is presented to the Hamilton County Commission.





HAMILTON COUNTY DEPARTMENT OF EDUCATION
6703 Bonny Oaks Drive, Building 200-1
Chattanooga, Tennessee 37421
423/209-8400

November 2005

To the Citizens of Hamilton County:

The employees of the Hamilton County Department of Education serve more than 40,000 students in 79 schools throughout the county. Our goal is to provide quality educational opportunities for all students attending public schools in our community.

Through its leadership and vision, the Board of Education provides guidance to build a strong and innovative educational program that will serve students well into the future. Hamilton County Schools has received national recognition in several areas highlighting its successful reform efforts.

A few of the indicators reflecting good progress are:

- Improved student achievement scores for the fifth consecutive year
- More schools meeting all 45 standards of the *No Child Left Behind Act*
- Almost 90 percent of 3rd grade students reading at or above grade level
- Beginning new school construction for completion by Fall 2008
- National recognition for notable success in several reform efforts including our magnet school program, the Benwood Initiative with low-performing schools, the Carnegie Schools for a New Society high school reform initiative and our new middle school reform work to close the achievement gap.


Hamilton County Schools continues to make steady progress thanks to our dedicated teachers in the classroom. Our school administrators, teachers and parents believe that high standards in every classroom throughout the system are not only possible but essential to the future success of our students.

We continue to welcome the support of the business community to guide the instructional needs for the workforce of the 21st century. The development and implementation of a universal diploma and a system of high school academies are examples of the positive results that have come from this collaboration.

We also commend our elected officials for providing additional funding for public schools. This new revenue will allow us this year to give a pay increase to our teaching force, raise beginning teacher pay, address some deferred maintenance projects, fully fund transportation, and purchase necessary textbooks.

It is important that all citizens of Hamilton County understand and embrace the importance of excellence in public education. Support of the public schools is truly the best investment in the future!

Sincerely,


Jesse B. Register
Superintendent

HAMILTON COUNTY DEPARTMENT OF EDUCATION BUDGET POLICY DOCUMENT

Purpose of Having a Policy

This policy provides guidance in making budget proposals and decisions for the following:
School Budgeting Staff
All school departments receiving funding from the County Commission

Benefits of Having a Policy

Good budget practice encompasses strategic, operational, and financial planning that establishes performance objectives and results in the measurement of service accomplishments.

Service efforts and accomplishments are one facet of effective use of performance objectives in planning and budgeting.

Performance objectives and measurement logically fall within the purview of budgetary practice rather than financial reporting.

Performance Measures

The objective of Hamilton County Department of Education is to provide the best educational opportunities for all its students. Taxes, fees, and other public resources finance these educational programs. A key responsibility of Hamilton County Department of Education is to develop and manage programs and resources as efficiently and effectively as possible and to communicate the results of these efforts to the taxpaying public. In the development and delivery of educational programs, critical decisions must be made each year regarding the allocation and management of financial resources. Most of these decisions are made as part of the annual budget development process.

Meaningful performance measurements provide for Hamilton County Department of Education accountability by assisting school officials and the citizenry in identifying financial and programmatic results and in evaluating past resource decisions. Furthermore, performance measurements facilitate qualitative improvements in future decisions regarding resource allocations and service delivery options. Finally, performance measurements provide a meaningful, understandable method of communicating service and program results to the community.

Financial, service, and program performance measures should be developed and used as an important component of decision-making and incorporated into Hamilton County Department of Education budgeting.

Performance Measurement Criteria

The following are criteria for performance measures:

- Performance measures should be based on program goals and objectives that tie to a statement of program mission of purpose;
- Performance measures should measure program results or accomplishments;
- Performance measures should provide for comparisons over time;
- Performance measures should measure both efficiency and effectiveness;
- Performance measures should be reliable, verifiable, and understandable;
- Performance measures should be reported internally and externally;
- Performance measures should be monitored and used in decision-making processes;

- Performance measures should be limited to a number and degree of complexity that can provide an efficient and meaningful way to assess the effectiveness and efficiency of key programs;
- Performance measures should promote better budget decisions between school board, school staff, and the public;
- Performance measures provide a consistent, systematic way of making budget decisions;
- Performance measures streamline the budget process;
- Performance measures provide a way of making decisions on budget amendments during the year, as revenues change and emergency funding needs arise; and
- Performance measures promote longer-term planning.

Strategic Plan 2001-2005

Three Steps to Excellence:

- Raising Student Achievement
- A Quality Teacher for Every Student
- A School System That is Accountable

Financial Policy Guidelines

Numerous financial policy guidelines are followed in enabling the schools to achieve a sound financial position. Some of the most significant guidelines pertaining to the budget are as follows:

Balanced budget:

The Budget should be balanced with current revenues equal to or greater than current expenditures/expenses using the following strategies: improve productivity, shift the service or payment burden away from the schools, improve revenues, create new service fees or raise existing fees based on the cost of services, reduce or eliminate programs, increase property taxes; and, lastly, reduce or eliminate services.

Tax rate:

The tax rate should be within the reasonable range of comparable schools and should be adequate to produce the revenues needed to pay for school programs, as approved by the Board of County Commissioners. The tax rate for 2003 year is County General Fund - \$1.4328, School Fund - \$1.6134, District Road Fund \$.0148 – Total Tax Rate - \$3.061.

Exemptions:

The County exemptions are provided by State law.

Be conservative in projecting revenues:

Projected tax revenues from economy-sensitive sources; for example, the sales tax should be conservative to avoid budget shortfalls during unexpected downturns in the economy.

Hamilton County Department of Education fund balances:

The Hamilton County Department of Education fund balance should be adequate to handle unexpected decreases in revenues, as well as at a reasonable level for extraordinary unbudgeted expenditures. The minimum fund balance should be 60 days, computed separately from the designated components of the fund balance. The approximate fund balance at the end of the 2003-2004 fiscal year is estimated at approximately 6 days.

Vision Statement:

Hamilton County Schools is a diverse school system committed to creating, fostering, and supporting an environment that offers opportunities for success for all

Philosophy and Objectives:

Recognizing our responsibility to provide each new generation with adequate skills to be independent and to be gainfully employed in an enriched learning environment, which is conducive to the educational process, the Hamilton County Department of Education curriculum is designed to meet the following objectives for our students:

1. To have competency in fundamentals of learning and communication
2. To develop skills and attitudes which facilitate life-long learning
3. To have sufficient information to realize life goals
4. To know principles, habits, and attitudes conducive to good physical and mental health
5. To establish and maintain satisfactory relationships with others
6. To know and practice the basic requirements of responsible citizenship
7. To develop competence in the use of natural resources and in the maintenance of ecological balance
8. To acquire career information and economic competence
9. To appreciate cultural and aesthetic values
10. To be aware of increasing interdependence among the peoples and nations of the world
11. To maintain a high degree of intellectual curiosity
12. To acquire the intellectual and social skills, which enable each individual to live in a world, that accepts full inclusion of people with disabilities and those with ethnic and racial differences.

Effective planning and implementation of services, policies, laws, and regulations:

- Improve communication and understanding between the Board of Education and the community by promoting a dialogue with reference to the costs and benefits of services in order to protect our quality of life.
- Increase the responsiveness of the organization by promoting efficiency, which may include modifying existing policies and procedures.
- Improve public/private and intergovernmental coordination.
- Assist in understanding the importance of improving and expanding county revenue sources to fund the stated goals.

Roles and Responsibilities of the Board of Education:

1. Be responsive to and represent the wishes of the citizens.
2. Establish strategies, set policies and determine priorities through the approval of objectives, plans, and budgets.
3. Educate citizens of importance of accomplishing stated goals of Hamilton County Department of Education.

Accounting, auditing, and financial reporting policies:

1. An independent audit will be performed annually.
2. The schools will produce annual financial reports in accordance with generally accepted accounting principals as outlined by the Governmental Accounting Standards Board.
3. The schools will maintain a strong audit review that is committed to efficient accountability in financial reporting.

Capital budget policies:

1. The schools will develop a multi-year plan for capital improvement, update it annually, and make all capital improvements in accordance with the plan.
2. The schools shall allocate a minimum of one million per year for Capital Investments.
3. The schools will maintain its physical assets at a level adequate to protect the schools capital investment and minimize future maintenance and replacement costs.
4. The School Board will use the following criteria in evaluating the relative merit of each capital project. Capital investments will foster the goals of ensuring:
 - a) Economic vitality
 - b) Neighborhood vitality
 - c) Infrastructure and heritage preservation
 - d) That projects specifically included in an approved replacement schedule will receive priority.
 - e) Those projects, which reduce the cost of operations, will receive priority and those projects, which increase the cost of operations, have identified tradeoffs to support those additional costs.
 - f) That projects identified by a priority board of a department as important will receive priority.
 - g) That projects, which significantly improve safety and reduce, risk exposure, such as Americans with Disabilities ACT (ADA) will receive priority.

Purpose of Financial Operations Policies:

The Hamilton County School Board shall establish internal accounting and administrative controls, which shall provide reasonable assurance that:

- a) Obligations and costs are in compliance with applicable law;
- b) Funds, property and other assets are safeguarded against waste, loss, unauthorized use or misappropriation; and
- c) Revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets.

Finance and Financial Management:

Financial Management Responsibilities

Board of Education

The Board has the duty of overseeing the entire financial management of the District.

Superintendent

The Board shall assign specific financial management responsibilities to the Superintendent.

Chief Financial Officer

The Superintendent shall assign specific financial duties to the Chief Financial Officer. The Chief Financial Officer shall compile the data needed to develop the budget, shall act as a resource person for the Board, Superintendent and other staff personnel on financial matters and shall implement the approved budget through applicable policies, procedures or regulations.

Staff

Staff members shall provide needed data and assistance to the Chief Financial Officer. Any staff member having authority to spend District funds shall do so in accordance with applicable federal, state or local statutes, and Board policies, procedures or regulations.

The Budget and Budgetary process:

Budget Defined

- a) The school system's budget is a written document, which presents the Board's plan for the allocation of the available financial resources into an explicit expenditure plan to sustain and improve the educational function of the school district.
- b) The budget will be based upon the educational needs and financial ability of the District, as cooperatively identified by the Superintendent, staff and the School Board.

Statutory Provisions:

Board of Education

The Board shall require the Board chairman and Superintendent to prepare the budget on forms provided by the state and submit it to the County Commission after approval by the Board.

Superintendent

The Superintendent is responsible for preparing and submitting the budget to the Board and to immediately notify the Board of any irregularities or unanticipated revenues or expenditures.

Preparation:

The Superintendent, after comparing the needs of the schools against the sources of anticipated revenue, shall prepare a tentative budget allocating funds for the operation of the District.

Adoption:

- a) The Board, after reviewing and amending the Superintendent's tentative budget shall adopt a budget for the forthcoming school year.
- b) Copies of the adopted budget shall be available for the public on the Hamilton County Department of Education website.

Presentation to County Commission:

The Superintendent shall present the Board adopted budget to the County Commission in advance of the date for the setting of the tax rate.

Budget as a Spending Plan:

Responsibility for Administering

The budget shall be considered as a controlled spending plan for the fiscal year. The Superintendent is authorized to make expenditures and commitments in accordance with and in harmony with the official actions of the Board and the laws of the State of Tennessee.

Methods and Procedures

The Board of Education will be provided monthly financial statements.

Transfer of Funds

Any change in the expenditure of major budget categories shall be approved by the Board and County Commission prior to the expenditure.

Operational policy:

Provide sufficient time to complete the budget process:

Start the budget process sufficiently early to ensure that a budget and the tax rate can be adequately discussed and approved by the full Commission before the budget year starts on July 1.

Find and implement ways to improve the efficiency of County services:

- Encourage employees and citizens to help identify ways to provide educational services for less cost.
- Give high priority to projects that can be shown to provide educational services for less cost.

Maintain a trained, motivated work force:

- Provide incentives to encourage employees to learn new job skills.
- Provide a system that rewards outstanding performance.

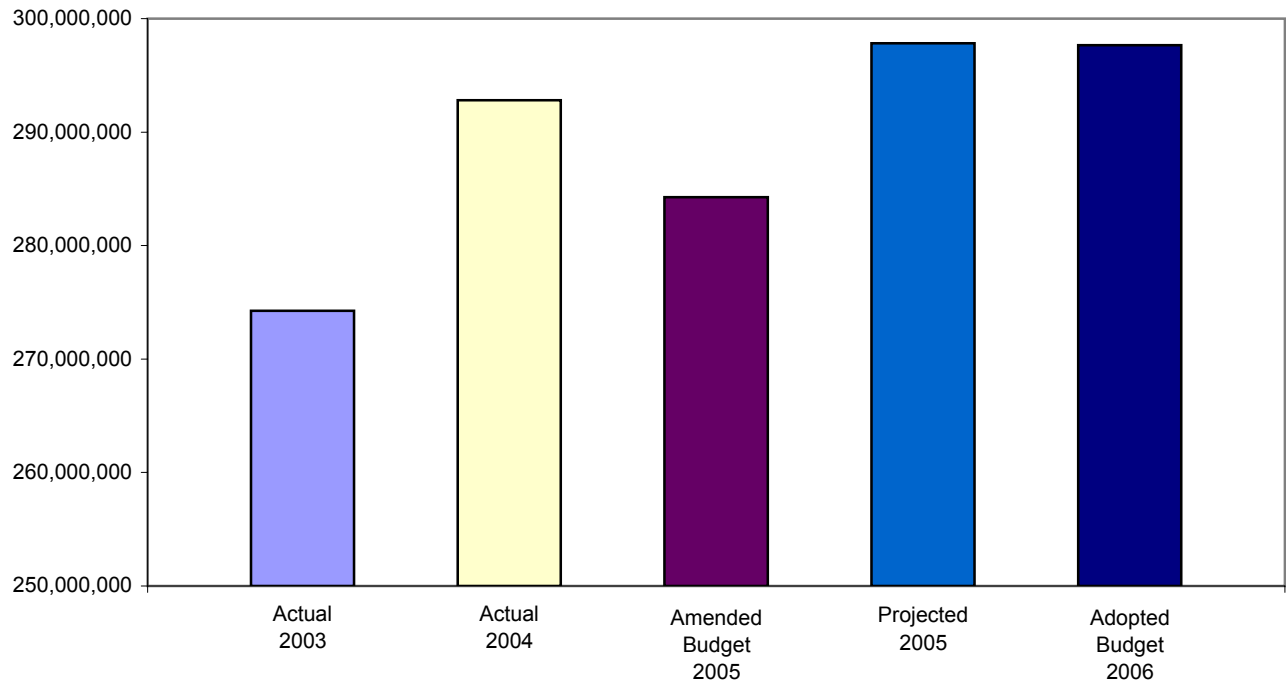
Pay employees competitive, consistent salaries:

- Provide annual salary increases for employees to cover cost-of-living increases.
- Pay salaries that are comparable to those of similar counties.

Protect health and the environment:

- Ensure that environmental considerations are factored into budget decisions.
- Comply with ADA requirements.

Department of Education



**Hamilton County Department of Education Budget Summary
Schedule of Revenue and Expenditures**

	Actual 2003	Actual 2004	Amended Budget 2005	Projected 2005	Adopted Budget 2006
Revenues					
Taxes	137,268,222	138,675,450	147,977,429	149,002,583	159,957,878
Intergovernmental	120,784,085	130,085,277	125,238,347	138,681,917	129,354,812
Charges for Services	11,270,935	11,450,982	10,843,650	11,926,878	10,812,500
Investment Earnings	532,114	434,281	-	622,312	405,790
Miscellaneous	4,082,917	5,029,899	1,375,000	2,218,891	1,280,000
Total Revenues	273,938,273	285,675,889	285,434,426	302,452,581	301,810,980
Expenditures					
Regular Instruction	121,619,014	127,104,015	128,988,216	129,086,863	133,821,582
Special Education	22,863,790	23,892,433	25,968,877	25,366,844	27,381,133
Vocational Education	7,182,990	7,561,158	8,137,618	8,035,900	8,532,063
Attendance	966,923	1,015,092	1,017,475	977,691	1,070,382
Health Services	760,439	938,258	859,911	932,365	955,586
Other Student Support	4,862,534	5,007,448	5,070,461	4,803,037	5,333,848
Regular Instruction Support Services	6,794,394	6,937,959	7,243,089	6,891,928	7,587,819
Special Education Support Services	2,463,287	2,469,012	2,713,473	2,625,044	2,848,239
Vocational Education Support Services	219,434	203,216	158,787	160,047	179,962
Board of Education	4,054,446	4,642,953	4,826,348	4,881,603	4,982,467
Office of the Superintendent	892,112	918,236	1,039,851	965,070	1,097,209
Office of the Principal	17,191,587	17,803,032	17,764,467	17,737,957	18,531,592
Fiscal Services	1,947,405	2,003,155	2,354,002	2,148,231	2,469,355
Operation of Plant	18,768,534	19,747,096	19,039,304	19,902,659	19,007,293
Maintenance of Plant	5,366,218	5,312,592	5,797,851	5,481,452	6,086,018
Transportation	11,679,620	11,632,990	11,679,067	11,667,133	11,580,356
Central and Other	2,592,928	2,556,805	2,898,596	2,842,572	3,080,712
Community Services	1,997,420	2,003,986	2,490,086	2,122,541	2,609,326
Capital Outlay	364,406	1,119,140	130,000	249,905	130,000
Early Childhood Education	-	-	-	-	130,034
Food Service	13,943,363	15,721,632	14,128,900	14,895,219	14,659,100
Federal Projects	25,184,801	31,159,590	21,317,360	32,525,964	24,936,114
Self Fund Projects	2,535,682	3,066,406	638,290	3,517,786	638,290
Total Expenditures	274,251,327	292,816,204	284,262,029	297,817,811	297,648,480
Excess of Revenues Over (Under) Expenditures	(313,054)	(7,140,315)	1,172,397	4,634,770	4,162,500
Other Financing Uses	(1,146,000)	(1,000,000)	(1,097,500)	(1,146,692)	(4,162,500)
Net Encumb (beginning less ending)	(487,513)	745,177	-	846,527	-
Excess of non-budgeted revenue and other financing sources over (under) non-budgeted expenditures	(2,103,994)	(674,495)	-	2,933,501	-
Beginning Fund Balance	32,307,792	28,257,231	20,187,598	20,187,598	27,455,704
Fund Balance at end of year	28,257,231	20,187,598	20,262,495	27,455,704	27,455,704

The Department of Education is a Component Unit of Hamilton County Government, which provides public education for grades kindergarten through twelve.

